



Pipeclay Lawson Ltd
ACN 163 013 732
AFSL 437838

Brownlee Property Trust
ABN 96 306 334 593

Brownlee Property Trust Investor Distribution Emails

02 June, 2016

On June 1, 2016 the Trust made its maiden distribution of \$7.71 per Unit.

You will recall our advice that the achieved interest rate swap is lower than the IM forecast. Consequently, the Trust's cash flow enables it to:-

You will recall our advice that the achieved interest rate swap is lower than the IM forecast. Consequently the Trust's cash flow enables it to -

- have made a full month's distribution for May notwithstanding that the settlement of the property occurred on May 9, 2016; and
- as of next month's distribution (the June distribution which is payable early in July) we intend to increase the distributions to \$7.92 p.c.m per Unit and maintain that level until July 2018. This will mean that over the next 2 years distributions will represent a yield of 9.5% rather than the 9.25% forecast in the IM for that 2 year period.

We have made contact with the tenant concerning some items of outstanding maintenance and the recurrent maintenance needs of the property. Because of the difficulty of access to the property (Harris and Boeing being defence contractors), we have provided the tenant with a list of outstanding and recurrent maintenance items. If you would like a copy, please advise Sheila by email at sheila@pipeclaylawson.com.au

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au.

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

04 July, 2016

On July 4, 2016, the Trust made a distribution of \$7.92 per Unit.

We continue to be in contact with the tenant concerning some items of outstanding maintenance and the recurrent maintenance needs of the property. Because of the difficulty of access to the

property (Harris and Boeing being defence contractors), I do not expect a resolution of this issue prior to August 2016.

Pipeclay has granted to Harris permission to consent, under the sub-lease, to activities on the premises by Boeing which are outside the current permitted use under both the lease and the sub-lease. The activities consist of air access and laydown evaluation and involve hazardous radiation. Pipeclay's consent is conditional on Harris assuming financial responsibility to Pipeclay for any deleterious effect on the property and/or Pipeclay (the Trust) in consequence of this additional activity. Harris has requested a back to back indemnity from Boeing, which Boeing has refused. Consequently Harris has refused consent under the sub-lease but there is a continued possibility that the matter will be further canvassed by Boeing. I do not anticipate any change in Pipeclay's approach that it wishes to facilitate the tenants' operational requirements but only if the tenants bear all risks related to those operations.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

02 August, 2016

On August 2, 2016, the Trust made a distribution of \$7.92 per Unit.

Much progress has been made concerning some items of outstanding maintenance and the recurrent maintenance needs of the property. I expect a finalisation of this issue this month. We have also requested an update from the vendor concerning the water tank and expect to receive a technical report this month.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

01 September, 2016

On September 1, 2016, the Trust made a distribution of \$7.92 per Unit.

In July, I wrote to you and advised that Pipeclay has granted to Harris permission to consent, under the sub-lease, to activities on the premises by Boeing which are outside the current permitted use under both the lease and the sub-lease conditional on Harris assuming financial responsibility to Pipeclay for any deleterious effect on the property and/or Pipeclay (the Trust) in consequence of this additional activity. I further advised that Harris has requested a back to back indemnity from Boeing, which Boeing has refused and consequently Harris has refused consent under the sub-lease. Boeing has had a change of mind and has agreed to provide an indemnity in relation to its activities and has requested urgent consent. We have thought it best to formalise the matter. Changes to the Harris lease and the Boeing sub-lease have been agreed and we are awaiting CBA consent and once that is received the Trustee will execute the lease amendment. Corrs have advised the Trust on this issue. Boeing will indemnify Harris and Pipeclay for legal costs in relation to this matter. If you would like a copy of the lease and/or sublease amending documents please advise Sheila at sheila@pipeclaylawson.com.au

Pipeclay has raised 45 maintenance issues with Harris. None of these affects the structural integrity or the high quality of the property at this stage. They are however, matters that need to be attended to, most on a regular basis, to prevent deterioration. Of those 33 have now been resolved wholly satisfactorily (that is as requested by Pipeclay). The remaining 12 issues turn on the interpretation of the Lease. Corrs have advised Pipeclay that our view of the Lease is correct and I expect a satisfactory (though slow) resolution of the remaining issues. If you would like to see the list of the 45 items and/or of the remaining 12, please let Sheila know at sheila@pipeclaylawson.com.au. The relationship with Harris is very professional and somewhat bureaucratic but not at all adversarial.

The purchase of the property has the benefit of an obligation by the vendor to investigate the condition of the water tank and if need be carry out works to bring the tank to a good condition as determined by Napier & Blakeley. The vendor has until December 31 to complete the necessary works. We have asked for a report concerning progress. I shall advise when this is to hand.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

05 October, 2016

On October 4, 2016, the Trust made a distribution of \$7.92 per Unit.

Harris continues to make small modifications to the property (2 requests last month). When considering the proposed modifications to the premises, we consider whether the modification is

a risk to the structure and/or any equipment/machinery in the building. We also consider whether the proposal might have any adverse effect on the environment or the neighbours. Assuming that the answer to these issues is "no", we think it is beneficial to the Trust to allow Harris to modify the property to its greater convenience and thereby embed itself further as an occupant. The Trust's consent is always conditional on obtaining an undertaking from Harris that on the termination of its tenancy, if requested to do so by the Trust, Harris will restore the property to its pre-modification condition and state. We anticipate further requests from Harris and to continue our policy, as above. If you would like to see copies of any of the modification requests and/or our consent(s), please advise Sheila by email on sheila@pipeclaylawson.com.au

Last month, I advised that there were 12 maintenance issues outstanding. No formal response has yet been received, but there has been good progress. One significant matter has been addressed. Harris has simply carried out the work we have requested. Discussions in relation to a number of other matters have revealed that the issue is not monetary. Harris has taken the correct view that these matters should be attended to by Pipeclay and then charged as outgoings. We have discussed with Harris that if we are to attend to these matters Harris must become more liberal in providing access to us and our consultants. Harris is concerned about possible security breaches and is considering whether to take on these responsibilities or establish access protocols which would enable as necessary attendance on the premises by Pipeclay service providers. In relation to other matters, Harris has advised that it does not have a property department and therefore it is inconvenient for it to attend to them. Pipeclay has offered to make the necessary arrangements but once again that may not be possible due to security issues. Whilst I am hoping for resolution this month, it would not surprise me if these matters take longer.

The purchase of the property has the benefit of an obligation by the vendor to investigate the condition of the water tank and if need be carry out works to bring the tank to a good condition as determined by Napier & Blakeley. The vendor has until December 31 to complete the necessary works. Prior to commencing the works, the vendor had an obligation to promptly commission a Report from a consultant approved by Pipeclay. Despite a number of requests the vendor has not commissioned the requisite report. We will this week send a formal notice through the Trust's solicitors to the vendor. If you would like to see a copy of the notice and/or the earlier correspondence, please advise Sheila by email on sheila@pipeclaylawson.com.au. In the absence of the Report, it is not clear how much work is required and therefore whether further delay will make the vendor's obligation to complete all works by December 31 not achievable. If we do not obtain a satisfactory response to the Notice, Pipeclay intends to commission a Report and will seek to recover the Trust's costs from the vendor. The content of the report will determine our further step(s). I shall advise further next month.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

07 November, 2016

On November 3, 2016, the Trust made a distribution of \$7.92 per Unit.

I want to introduce two new team members to you –

- Oliver Schaffer (0425 247 313) has been appointed as Property Executive whose focus is on the physical management of the properties. Oliver has a BA (in Psychology) and a Masters in Business Management, both from the University of Sydney. He has experience in project management which he gained with Chartered Accountants Australia & New Zealand;
- Irene Cheung (0414 622 629) has been appointed as Manager Finance & Compliance. Irene has a Bachelor of Commerce and is a CPA. She has 18 years of experience gained in BT, Ironbark Asset Management, Deutsche and CitiStreet;

Please do not hesitate to contact any team member if they can assist with any information. All email addresses are firstname@pipeclaylawson.com.au

Harris continue to modify the building. I do not propose to every month mention the requests but this month's is interesting. We have received a request to allow Harris to install duplicate glazing and shutters on the office portion of the building occupied by Harris. The cost will be a little over \$110K and as I understand it will impede anyone so minded from auditory or visual spying.

We are in early conversations with Harris concerning a possible awning to be constructed on the property. I will report further if it results in a concrete proposal.

Except as above, there has been no significant development since last month. I expect I shall have more to report in December.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

07 December, 2016

On December 6, 2016, the Trust made a distribution of \$7.92 per Unit.

Sheila has left Pipeclay with our best wishes. Any matter that you would have in the past addressed to Sheila will be best dealt with by Irene Cheung. Irene can be contacted by email irene@pipeclaylawson.com.au or by phone on 0414 622 629.

Sandy and I inspected the property on Friday:

The main reason for the visit was Harris' request that the Trust should modify the building by building a substantial awning. We discussed the issue and indicated that in principle we were

willing to construct the awning but expected a return on the funds employed which would increase the rent. We also indicated that in order to amortise the cost of the awning over a longer period, an early exercise of Harris' option would be helpful. We have agreed to provide a proposal on alternate basis – an 8M deep awning covering the whole of one side of the building or the portion of the building that is used by Harris (i.e. omitting the bays used by Boeing). In each case the rental proposal is to differentiate on the basis of the term remaining the same or being extended. We will obtain the necessary quotations for the awning construction from the original builder (we are hoping for before Christmas but February appears more likely). Our DD prior to purchase indicates that the building was designed and constructed to support an awning and are hopeful that the project will prove feasible and profitable. I expect to report further in March;

We saw the various modifications carried out by Harris including the current construction to allow a greater number of people to work in the offices (design teams). The building air conditioning was designed for higher people and equipment densities and these changes are not expected to present a problem. On the whole the modifications have enhanced the building;

There is evidence of surface deterioration in the concrete slab in the building. We will take this issue up with the builder at the same time as dealing with the awning.

Determining the issue with the water tank (for fire services) requires a specialist skilled diver who is able to inspect the tank from the insider whilst the tank is full of water. This is a rare skill in Brisbane. Inspection will take place on December 12 and I will report in January. The cost of the inspection and of subsequent rectification works is an obligation of the vendor.

Except as above, there has been no significant new development.

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Best regards,
David

03 January, 2017

On January 2, 2017, the Trust made a distribution of \$7.92 per Unit.

Spaceframe, the company which was the principal contractor during the building's construction, has visited the site. We expect to have by the end of January a quotation for the cost of building an awning and a response to the warehouse slab surface issue.

The vendor has inspected the tank together with his original contractors. The expert selected by Napier & Blakeley has also inspected the tank. We expect that by early February, the way forward will have been agreed and the necessary repairs scheduled. The cost of the inspection and of subsequent rectification works is an obligation of the vendor.

O'Conner Interiors (Boeing's contractor for the modifications works to the interior of the building) has raised a number of fire safety/Code compliance issues. I have spoken to two qualified certifiers

and discussed the issues with Harris. The building as built was duly certified (which we knew as part of our purchase DD) and the building as built and the stairs (an issue raised by O'Conner Interiors) are Code compliant. However, some of the internal office & warehouse modification introduced (or wanted to be introduced) by Harris and/or Boeing have/will imposed movement restrictions/barriers which may pose problems to safe egress in the event of a fire. Both Harris and Boeing has commissioned independent advice from a qualified fire safety certifier. Once these reports are received and/if a problem is identified, we will meet with Harris and adopt a Code compliant solution. My expectation is that the warehouse may require an additional fire door from the restricted Boeing area. Our relationship with Harris is at present excellent and I expect this issue to be resolved satisfactorily.

Oliver has finished his two months assignment with us. We wish him well for the future.

Except as above, there has been no significant new development.

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

I hope you have a successful and happy 2017!

Best regards,
David

07 February, 2017

On February 3 2017, the Trust made a distribution of \$7.92 per Unit.

We have been in contact with Spaceframe. Spaceframe will deliver a quotation for the cost of building an awning very shortly. The slab surface issue is relatively minor and we are pressing Spaceframe to focus on it.

We have received a verbal report concerning the water tank but are still awaiting a written report and quotation. As is often the case in these situations, there are competing suggestions as to the cause of the damage to the tank- whether it has been caused by incorrect building or maintenance. From the point of view of the Trust, it does not matter which (or both) of these theories are correct as the vendor is liable for all the costs of rectification (though the vendor and the contractors appear to have issues as between them). I am meeting with the vendor shortly. In order to repair the tank it has to be drained of water, depriving the property of sprinkler protection for 1-3 weeks. That raises insurance and OHS issues which need to be discussed with the tenants and insurers. I expect that this matter to occupy us for the next few months. If there are any major or unforeseen developments, I shall report but otherwise I expect to write to you circa July to tell you that the tank has been repaired and is covered by a fresh 10 year warranty. I am also shortly meeting with Harris.

I take this opportunity to introduce Lachlan Philips. Lachlan has started work with us as Property Executive and one of his responsibilities will be to look after repairs and maintenance of our Brownlee Street property. Lachlan is a graduate of Melbourne University with a double major in

History and Philosophy of Science & History. I have known Lachlan for a long time and we are very pleased to have someone of his calibre start with us. You can contact Lachlan by email on Lachlan@pipeclaylawson.com.au or by phone 0431 377 678.

Except as above, there has been no significant new development and matters are proceeding satisfactorily.

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Best regards,
David

01 March, 2017

On March 1 2017, the Trust made a distribution of \$7.92 per Unit.

Obtaining a quotation for the cost of building an awning has been delayed. It is a relatively small job and getting the builders we are comfortable to use to focus has been harder than it should be. I hope to deliver more news next month.

Repairing the water tank will mean that the sprinkler system will not be functional whilst the work is taking place. We have communicated with our insurance company and with Harris as to its requirements for additional protection of the building during that period. These are not onerous. We are still awaiting a response from Boeing, the sub-tenant as to its and its insurer's requirements. I am hopeful that work will commence next month.

Except as above, there has been no significant new development and matters are proceeding satisfactorily.

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Best regards,
David

04 April, 2017

On April 4, 2017, the Trust made a distribution of \$7.92 per Unit.

The water tank on the property is an essential piece of firefighting equipment. When it is replaced, there will be approximately two weeks when there is no functioning tank and therefore no

functioning sprinkler system. This is a matter of concern to us, our insurers, Harris, Boeing and their insurers. After lengthy consideration all parties have now authorised the works.

The Vendor of the property was obliged to replace or repair the tank to Napier & Blakeley satisfaction by December 31, 2016. Having failed to do so, it is now subject to a contractual obligation to indemnify the Trust for all costs relating to the tank. The Trust has received a quotation for tank replacement, this being a cheaper course than tank repairs (if you would like a copy of the quotation or the accompanying Napier & Blakeley advice, please advise). I met with the Vendor on April 3. The Vendor believes that it and/or Harris is entitled to claim the cost of the necessary works from their common insurer. The Trust will not let the contract for the replacement tank before the end of April in order to facilitate the Vendor's further conversations with its insurer.

We have organised an engineer to report on how to permanently resolve the minor peeling of areas of concrete in the warehouse. This inspection has been completed and we are awaiting a report. The builder is taking the contractually correct position that the concrete is outside of the warranty period. Once we have the report and know the cause of the peeling, we may press the builder further. The cost of repairs is not expected to be significant. Lachlan has also arranged a roof inspection as part of annual roof maintenance.

Harris would like the building to be improved by the erection of an awning and have asked whether that was possible and if so the extra rent that would consequently be payable. We are awaiting a quotation for the awning installation. From the structural/architectural drawings, it is unclear whether the warehouse was designed to support awnings. An engineer is investigating the strength of the steel columns in the property.

No issues arose in consequence of Thursday's storm.

I am very pleased to advise that Sandy has been unanimously elected as the Chairman of Pipeclay Lawson Limited.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Best regards,
David

03 May, 2017

On April 4, 2017, the Trust made a distribution of \$7.92 per Unit.

The water tank on the property is an essential piece of firefighting equipment. When it is replaced, there will be approximately two weeks when there is no functioning tank and therefore no functioning sprinkler system. This is a matter of concern to us, our insurers, Harris, Boeing and their insurers. After lengthy consideration all parties have now authorised the works.

The Vendor of the property was obliged to replace or repair the tank to Napier & Blakeley satisfaction by December 31, 2016. Having failed to do so, it is now subject to a contractual obligation to indemnify the Trust for all costs relating to the tank. The Trust has received a quotation for tank replacement, this being a cheaper course than tank repairs (if you would like a copy of the quotation or the accompanying Napier & Blakeley advice, please advise). I met with the Vendor on April 3. The Vendor believes that it and/or Harris is entitled to claim the cost of the necessary works from their common insurer. The Trust will not let the contract for the replacement tank before the end of April in order to facilitate the Vendor's further conversations with its insurer.

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Best regards,
David

31 May, 2017

On June 1, 2017, the trust made a monthly distribution of \$7.92 per Unit.

The Trust required the assistance of its solicitors to collect from the Vendor of the property the full cost due from the Trust to Tasman Tanks for a new water tank (yet to be delivered); the money is now in the Trust's bank account. This may be a convenient time to remind you that if you would like a copy of the Trust's bank account statements in general or any particular month, please advise Irene Cheung at irene@pipeclaylawson.com.au We will shortly bill the Vendor for the Trust's legal expense and continued work by Napier & Blakeley; as these are small amounts compared to the

cost of the tank, I hope I am not being unduly optimistic in expecting this collection to proceed smoothly.

The contract for roof maintenance has also been let. The total cost to the trust will be circa \$28K. The same contractor will also install a safe roof access at a cost of \$8.3K; half of which will be paid by Harris. The new roof access will lower future outgoings (obviating the need for a cherry picker whenever work on the roof, gutters or downpipes is required), making the property more attractive to occupiers. Whilst circa \$2K more than the allowance obtained at purchase on account of roof maintenance is being spent by the Trust, we consider the outcome a positive result.

An engineering assessment has been made of the building and that has enabled us to obtain a quotation for the construction of a 97.5M by 5M awning on the Eastern side of the building. We have commenced discussions with Harris concerning the additional rent and/or lease term extension which the Trust might obtain if it was to build the awning.

Harris continues to make minor modifications to the building; permission is granted by the Trust always on terms that on termination of the tenancy, if required by the Trust, the building will be restored.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

Clause 22 of the Trust's Constitution requires that in the event of a meeting of unitholders, the appointment of a proxy be received between 24 and 48 hours before the meeting. A corresponding provision in another Pipeclay Trust has proved a significant inconvenience. The Trustee has resolved to amend the Constitution so that proxies will be able to be delivered and/or amended at any time after a meeting has been called, but no less than 24 hours before the meeting takes place. If you would like to see a copy of the amending deed, please advise Lachlan Philips at lachlan@pipeclaylawson.com.au.

We are conscious that Unitholders who are superannuation funds will need to adopt a value for the Units they hold in the Trust as at June 30, 2017. In the July email I will advise the Investment Manager's view of Unit values. It is likely that in order to allow Unit value to be calculated (which requires a calculation of interest swap value and of net current assets), the July email is likely to be delayed; the monthly distribution should, however, be made at the usual time. If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Best regards,
David

03 July, 2017

On July 3, 2017, the trust made a monthly distribution of \$7.92 per Unit. This was the last distribution for the 2016/2017 Financial Year.

Last month David wrote that the contract for roof maintenance had been let. These works have now been completed. A final inspection of these works will be completed early this month by a

consultant who will certify the works. The roof is to be placed under a biannual maintenance program and its new panels have a 25-year warranty. As such we are not expecting any capital roof works be required for the remainder of the Trust's life.

There are no other material developments this month and matters are proceeding satisfactorily.

We are conscious that Unitholders who are superannuation funds will need to adopt a value for the Units they hold in the Trust as at June 30, 2017. I expect that in mid-July we will advise the Investment Manager's view of Unit values.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, David on 0407 631 255, or me on 0431 377 678. We very much welcome your input.

Best regards,
Lachlan

03 August, 2017

On August 3, 2017, the Trust made a monthly distribution of \$8.12 per Unit. This is the July distribution, that is the first of the 2017/2018 distributions. We expect distributions to continue at this rate for the remaining 11 months of the current financial year. The distribution represents a 9.75% yield on equity invested. The IM forecast for 2017/2018 was a distribution of \$7.71 per Unit p.c.m. or a 9.25% yield.

The recently completed roof works were monitored by an independent contractor, who has identified several minor inadequacies with the work. These are now being rectified, and the roof is being placed under a biannual maintenance plan.

The tenant has requested that we investigate ways in which the warehouse can be kept cooler in summer. We are currently having a proposal for the installation of rotary vents and louvres in the walls put together. At this stage, it is unclear if this is something that Harris will wish to carry out independently of us.

The contractor who previously inspected the warehouse floors has now returned from annual leave and we are making arrangements to have the minor delamination of the floors rectified.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input; Sandy can be contacted on 0438 505624 (but please bear in mind that she is in Europe), Emil on 0427 929 358, Lachlan on 0431 377 678 and I on 0407 631255.

Best Regards,
David

01 September, 2017

On September 1, 2017, the Trust made a monthly distribution of \$8.12 per Unit.

All roof works on the property have now been finalised and certified. The roof is now under a biannual maintenance plan, and the site is considered very unlikely to require any further significant works for the duration of the trust.

We have also received a proposal on the installation of extractor fans to cool the warehouse. We are also investigating an alternate cooling solution, being the possible installation of solar panels, and limited air-conditioning in the warehouse. The preferred solution is being discussed with the tenant.

The replacement of the water tank on site is currently underway, and should be completed early in the month. The fire safety systems on-site have been fully maintained throughout this process.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input; David can be contacted on 0407 631 255, Emil on 0427 929 358, or I on 0431 377 678.

Best Regards,
LACHLAN C. PHILIPS

04 October, 2017

On October 4, 2017, the Trust made a monthly distribution of \$8.12 per Unit.

The replacement water tank on-site has been completed; we expect that the remaining commissioning work and some accessories (principally a ladder) will be completed shortly. As previously advised the vendor of the property has paid to the Trust the quoted price for the works. However, we expect some minor variations and invoices for supervision; once these are all received, we will invoice the vendor.

The tenant has also sought and received our approval to perform some upgrades to the site. These include:

- The installation of a second automated gate, at the front of the property, and associated signage. This will facilitate the movement of vehicles in one direction around the entire site. Whilst the works are small-scale, they constitute a significant upgrade to site access.

- The installation of new, high-power LEDs throughout the warehouse. This will increase the levels and quality of light in the warehouse. It will also lower the tenant's energy and repair costs.

It is encouraging to see the tenant continuing to invest in upgrades throughout the site. We understand that Harris is negotiating with the Defence Department for a new contract. It is a condition of the new contract that Harris has "suitable premises" (location and security features as well as operational considerations). David has been telephoned by Harris' Contracts Manager and agreed to assist Harris by allowing Harris to, if it wishes, give notice of option exercise earlier than permitted by the Lease. Harris intends to come back to the awning question at the same time. Harris is hopeful that its negotiations with the Department will be concluded in "about a month" which we translate as early next year.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

Earlier this month, we issued the Annual Tax Statement for the Brownlee Property Trust for the 2017 financial year. You should have received this in the mail. If you have not received this document, please let me know by replying to this email and I will ensure that a replacement reaches you as soon as possible.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

03 November, 2017

On November 1, 2017, the Trust made a monthly distribution of \$8.12 per Unit.

All outstanding commissioning work for the replacement water tank have now been completed.

Heavy rainfall in Brisbane last month caused minor water ingress in the warehouse in a small area. No damage resulted. It is suspected that this was caused by deteriorating sealant in areas of the precast concrete tilt wall panels. The renewal of this sealant has been arranged. This is a tenant expense, and is a part of the regular repairs and maintenance.

A new cruise ship terminal has also been approved this month, to be built at Luggage Point, Pinkenba. This \$158 million private sector project includes a commitment from the Brisbane City Council to prioritise road, community infrastructure and parkland works in the area. A total of \$500 million in private sector investment has been made into the Port of Brisbane in the past seven years, and a further \$600 million is forecast over the next five years. We expect that this will contribute to above-average growth in land values in the area.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

06 December, 2017

On December 4, 2017, the Trust made a monthly distribution of \$8.12 per Unit.

There have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

09 January, 2018

On January 2, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

The Trust has now been reimbursed for all outstanding expenses relating to the water tank replacement.

There have been no other material developments and everything is proceeding satisfactorily. Given the season, it is unlikely that anything substantive to report will arise over the next month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624. Please be aware however, that David, Emil and Sandy are currently overseas and will be returning later in January.

With compliments of the season,
LACHLAN C. PHILIPS

05 February, 2018

On February 2, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

There have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

02 March, 2018

On March 1, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

In early February, David and I paid the property a brief visit, which concerned several minor maintenance issues throughout the property. One of these items is the replacement of several external fire doors, which will be a cost to the trust (approximately \$5,000). Our impression from the visit is that the tenant's maintenance standards are excellent, and they have become increasingly easy to communicate with.

The bank facility matures on May 9. Emil and David have met with the CBA and expect no difficulty in extending the facility. This is distinct from the swamp facility which is in place until 2021.

There were no other material developments this month, and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

06 April, 2018

On April 4, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

David has been in contact with the tenant. The tenant has indicated that it would like to extend the term of its lease and also would like to see some further improvements (as yet unspecified) constructed on the property. A meeting originally scheduled for this month has at Harris' request been postponed to May. The CBA has also completed its review of the facility and has advised that it is willing to enter into a new facility, but any agreement with the tenant could constitute a

material event. Consequently, the CBA has approved a 3 months extension from May of the existing facility at the current pricing and terms to permit the discussions with the tenant.

There were no other material developments this month, and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

03 May, 2018

On April 4, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

David has been in contact with the tenant. The tenant has indicated that it would like to extend the term of its lease and also would like to see some further improvements (as yet unspecified) constructed on the property. A meeting originally scheduled for this month has at Harris' request been postponed to May. The CBA has also completed its review of the facility and has advised that it is willing to enter into a new facility, but any agreement with the tenant could constitute a material event. Consequently, the CBA has approved a 3 months extension from May of the existing facility at the current pricing and terms to permit the discussions with the tenant.

There were no other material developments this month, and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

04 June, 2018

On June 4, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

Brisbane had several rainy days at the end of May which revealed several small roof leaks in an area of the roof which was replaced last year. This area is covered by a new three-year workmanship warranty. Fortunately, the tenant's operations have not been disrupted and arrangements have been made for the responsible contractors to attend the site.

There have been no other material developments and everything is proceeding satisfactorily.

Irene Cheung will be finishing her employment with Pipeclay on Friday, June 8. Camilla Cable has been appointed General Manager Finance & Company Secretary. Camilla's mobile number is 0412 520 121 and her email address is camilla@pipeclaylawson.com.au

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358; Sandy is overseas during June.

Best Regards,

LACHLAN C. PHILIPS

04 July, 2018

On July 2, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

In May, I wrote to you about a missing trap (which is a regulatory requirement) in a bathroom drain. The builder has thus far been unwilling to assist in rectification. This month we accepted a quote for rectification works for \$11,272.13 plus GST. This cost will be borne by the Trust. We will continue to pursue the builder in relation to these costs, however I do not anticipate that they will contribute. The Trust has adequate working capital to meet this expense.

The date for the proposed meeting with Harris is yet to take place. One of the uncertainties facing Harris is whether its sub-tenant, Boeing, will move out (a course Harris would prefer as it would give them more space). We have been advised that Boeing is currently considering its options. In the meantime, CBA has agreed to extend the bank facility by a further 3 months (November) by which time we hope for clarity as to Harris requirements which will enable a longer-term banking facility to be agreed.

There have been no other material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358; Sandy is away until September.

Best Regards,

LACHLAN C. PHILIPS

03 August, 2018

On August 1, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

Distributions are remaining at \$8.12 per Unit for the duration of the financial year. This represents a 9.74% yield on equity invested. The IM forecast for FY19 was for distributions of \$7.92 per Unit which would have represented a 9.50% yield on equity invested.

Last month, I wrote to you about rectification works for a missing trap (which is a regulatory requirement) in a bathroom drain. These works have now been completed at a total cost of \$11,272.13 plus GST to the Trust.

David has spoken to Harris' Contracts Manager for Asia Pacific, who advised that Harris would like to extend their Lease beyond 2021 but are not ready to enter into discussions until their current negotiations with the Department of Defence are finalised. Consequently, Pipeclay has commenced discussions with 3 banks concerning the refinancing of the bank facility. The Banks require a fresh valuation of the Property which has been commissioned. This will cost the Trust approximately \$4,000.00 + GST. I will provide a further update when this valuation is finalised and make it available to investors upon request.

There have been no other material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358; Sandy is away until September.

Best Regards,
LACHLAN C. PHILIPS

05 September, 2018

On September 3, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

Harris have told us that they intend to extend the current lease but are currently still determining their requirements. Harris appear to be in no rush and there is a likelihood that they will require some additional improvements to the premises as part of the process.

The CBA have already given us a 4-month extension on the current loan in the hope that the lease extension with Harris is finalised by November 2018. Unfortunately this is unlikely and we now have no option but to proceed with a short term refinancing to November 2020. Pipeclay will reconsider the Trusts debt package once the position with Harris had been clarified.

We have obtained a valuation to facilitate the process. The valuation has come in at \$10.54m, the purchase price paid in May 2016 was 9.65m. If you would like a copy of the valuation please let me know.

There have been no other material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

08 October, 2018

On October 5, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

The current facility falls to be refinanced. The Trust has received an offer of finance from WBC. We expect to receive an offer of finance from CBA, the current facility provider, next week. The Trust has also had discussions with ANZ. The Trust has obtained a valuation of the property from a Bank approved valuer for the purpose of obtaining this facility. The property has been valued at \$10.45M.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

02 November, 2018

On November 1, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

Following a review and the marketing of the Property to several insurers, the Property's existing insurance policies have been renewed and the sums insured increased.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

03 December, 2018

On December 3, 2018, the Trust made a monthly distribution of \$8.12 per Unit.

The Trust's bank facility has been refinanced. Following discussions with its current financier CBA, as well as NAB and WBC, the Manager has accepted the proposal from CBA. In summary:

- The facility of \$6,272,500 is being extended until August 2020;
- The ICR is remaining at 1.85:1;
- The LVR is remaining at no more than 65%;
- The margin has increased from 1.65% to 2.05%.

These changes will not impact distribution forecasts. We expect that by the time this facility expires, Harris will have determined whether they are exercising their option to extend the lease by up to 5 years. As Harris has secured new defence contracts, we currently expect that they will exercise their option, at which time the rent will be subject to a market review.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Email on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

03 January, 2019

On January 2, 2019, the Trust made a monthly distribution of \$8.12 per Unit.

There have been no material developments this month and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Email on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

04 February, 2019

On February 1, 2019, the Trust made a monthly distribution of \$8.12 per Unit.

A major failure in an air-conditioning unit occurred this month, the rectification of which is capital and therefore a landlord responsibility. The unit has been serviced monthly as recommended by the manufacturer and was yet to exceed its 15-year lifespan. Consequently, this failure was not forecast however was covered by the Trust's machinery breakdown insurance policy. We were therefore able to successfully make an insurance claim under this policy. The resulting cost to the Trust was \$1,000 being the insurance excess amount.

The tenant has raised some issues concerning the interpretation of the lease in relation to Outgoings; we will deal with the matter this month. If you would like a copy of the letter from Harris, please let me know.

There have been no other material developments this month and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

05 March, 2019

On March 1, 2019, the Trust made a monthly distribution of \$8.12 per Unit.

David has been in contact with the MD of Harris in Australia. They are likely to meet towards the end of this month or early May to discuss Harris' longer term occupation of the property as well as the lease issues. I expect it will be May before I am able to report.

There have been no other material developments this month and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

03 April, 2019

On April 1, 2019, the Trust made a monthly distribution of \$8.12 per Unit.

David and Emil met with the Managing Director and the Commercial Manager of Harris in Australia last month. On the positive side, Harris would like to stay in the premises and asked to discuss a lease extension beyond the current term in 2021. On the negative – there is some separation between the hardstand and the building walls. This appears to be due to settlement and does not exceed what one would expect. We will commission Napier & Blakeley to advise on the cause of the separation and the best course for rectification. We expect that a standard industrial seal will provide a solution.

Harris has a most unusual view as to what constitutes maintenance and what constitutes capital works. This is a general issue though its current expression is who should bear the cost of a repainting. Whilst we know that we are correct, we intend to take a commercial approach and the ultimate resolution will be reflective of the duration of the lease extension and the rent going forward that is agreed.

Harris is a defence supplier and the site is subject to high security which makes entry difficult. David and Emil were able to inspect the building both outside and inside (except for the “safe” in which design work takes place). Apart from the 2 matters raised above, the building appears to be in an excellent condition, unusually well taken care of and presents extremely well. They were advised that the Boeing sub-lease will terminate later this year, which will provide Harris with the additional space it requires, obviating the need for an additional site. Boeing has now largely vacated the warehouse but still maintains a secure office into which we were not able to gain entry. I intend to inspect the Boeing portion of the office after Boeing has vacated and before Harris has assumed full occupancy.

Emil and David were advised that Harris is currently “merging” with L3 Corporation, another US based defence contractor that operates in Australia. Public data indicates that L3 is larger than Harris. This is likely to lead to a rationalisation of Brisbane premises but the location of the Brownlee street facility and the size of the internal “safe” means that Brownlee street is seen as a long-term strategic facility. However, given the sizes of the two merging entities, there is always the possibility that the significant relocation costs will be accepted and, contrary to our expectations, the business will relocate to other premises.

The Queensland government has required that owners of certain types of buildings, including industrial, be registered on the Safer Buildings website, to help identify all buildings in the state which may contain combustible cladding. The property has been registered. We believe that there is no combustible cladding present in the building.

There have been no other material developments this month and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

03 May, 2019

On May 1, 2019, the Trust made a monthly distribution of \$8.12 per Unit.

Last month I wrote to you about some separation between the hardstand and the building walls on the property which was concerning the tenant. We commissioned Napier & Blakeley to advise on the cause of the separation and the best course of rectification. They also inspected the concrete throughout the rest of the premises. We expect to receive the final report next week. If you would like a copy, please let me know. We have been verbally advised that no significant issues were identified, the separation being a common result of the differences in the base between internal and external concrete. It is likely that only localised and minor repairs will be required. Further details will be available once the report is received.

There have been no other material developments this month and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted `firstname@pipeclaylawson.com.au` as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

03 June, 2019

On June 3, 2019, the Trust made a monthly distribution of \$8.12 per Unit.

Last month I reported that we were obtaining a report to advise on the cause of separation between the hardstand and the building walls, and the best course of rectification. This report has identified the cause as suboptimal construction methods, but none are of any significant concern. For a copy of the report, please send me an email and I will provide it. We have agreed that rectification is a responsibility of the Trust at an estimated cost \$20-30,000.

A meeting has been scheduled for late July to discuss a possible extension of the Harris lease. I will report further.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,

LACHLAN C. PHILIPS

06 July, 2019

On July 2, 2019, the Trust made a monthly distribution of \$8.12 per Unit.

This is the June distribution, and the last for FY19.

Distributions for FY20 will increase to \$8.13, in line with the IM forecast.

One of the attractions of this property outlined in the "Investment Strategy" section of the IM, is that the tenant's operation requires minimal heavy vehicle traffic, therefore leading to minimal loads being placed on the hardstand. A small section of the property was until recently subleased to Boeing. Harris is using the area now vacated by Boeing to integrate radio and electrical systems into several types of military vehicles. The expansion of Harris' operations is promising in the context of lease negotiations, however this does mean that the concrete hardstand will be subject to much heavier loads than in the past. We are currently reviewing the load-bearing capacity of the external and warehouse slabs but expect that this will not be a significant problem. I will report further.

A number of the Trust's Unitholders have asked Pipeclay to provide them with its estimate of the value of the Units in the Trust at 30 June. Pipeclay does not have any valuation expertise and there is no active market against which to measure Unit values.

In order to advise the Unitholders as to Pipeclay's perception of Unit values, a dual process is undertaken. First, from the latest valuation for mortgagee purposes the following are deducted: interest swap break-costs as advised by the Bank as at June 30, the current bank debt and the outperformance fee that would be payable if the Trust was terminated (working capital and selling costs are ignored). The resultant number is then divided by the number of Units on issue. Secondly, Pipeclay considers what it would regard as an appropriate yield for the Units and the consequently implied Unit value. The lower of these two numbers is then adopted by Pipeclay as its perception of Unit values. Pipeclay's perception is that the current value of Units in the Trust is \$1,040 per Unit.

Where the latest valuation is so significantly out of date to lead to a misleading result, we discuss value with a valuer generally accepted by the banks and/or agents experienced in the area. Pipeclay is then guided by their advice in determining the property value.

There have been no other material developments this month and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

05 August, 2019

On August 5, 2019, the Trust made a monthly distribution of \$8.12 per Unit.

This is the first distribution for FY20. The automatic payment has not yet been updated in the system and should have been \$8.13 per Unit. We will therefore pay \$8.14 per unit next month, and then pay \$8.13 per Unit for the remainder of FY20. We expect the monthly distribution to be unchanged during FY20. The distribution is somewhat higher than the IM forecast for FY 20 (\$7.92 p.c.m.)

In July, the parent company Harris Corporation, of our tenant, Harris Communications Australia, merged with the significantly larger L3 Technologies to form L3Harris Technologies (L3Harris). L3Harris now employs approximately 50,000 people with annual revenue of circa US\$17 billion. This merger currently appears to be positive for Brownlee Street.

On July 29, David met with the L3Harris team. We were advised that L3Harris anticipates asking for an extension of the lease term (subject to an option due to expire in February 2021). L3Harris has asked for a proposal for a 10 year lease extension. A decision for the term required by L3Harris is planned for Q1 of 2020. Consequently, we plan to deliver a proposal to L3Harris in about November 2019. We have also discussed with L3Harris new activities proposed for the site; two of which may require the strengthening of the warehouse slab. We have agreed to one new activity beginning in about October this year which can be accommodated by the existing floor. A final decision on activities in Brownlee Street will not be made by L3Harris until Q1 of 2020. We were also advised that L3Harris has applied to the Department of Defence to bear the cost of strengthening a section of the warehouse floor in Brownlee Street. We have advised L3Harris that, assuming the Department is not willing to bear the cost, depending on the proposed new lease term, the Trust may be willing to undertake works at its own cost to strengthen the floor.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

04 September, 2019

On September 5, 2019, the Trust made a monthly distribution of \$8.14 per Unit.

There have been no material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted `firstname@pipeclaylawson.com.au` as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

03 October, 2019

On October 2, 2019, the Trust made a monthly distribution of \$8.13 per Unit.

The Property's insurances have been renewed this month following a review, and the sums insured increased.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted `firstname@pipeclaylawson.com.au` as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

05 November, 2019

On November 1, 2019, the Trust made a monthly distribution of \$8.13 per Unit.

There have been no material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted `firstname@pipeclaylawson.com.au` as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

04 December, 2019

On December 2, 2019, the Trust made a monthly distribution of \$8.13 per Unit.

There have been no material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

09 January, 2020

On January 6, 2020, the Trust made a monthly distribution of \$8.13 per Unit.

In accordance with L3Harris' request we have made a written proposal for a 10-year extension to the existing lease. This proposal includes a rent reduction of \$70,000 to reflect market rent, and an incentive of \$658,000 intended to be spent on capital works at the discretion of L3Harris. If you would like to see a copy of the proposal, please advise Hannah and she will email a copy to you. We do not expect a meaningful response prior to March 2020.

Changes to the Property Management Team

Sadly, for Pipeclay, Lachlan has resigned in order to pursue further studies. He was already studying (actually aceing) part-time the Property Economics/Management degree at UTS but he has decided to switch to a full-time Masters in Economics. We are appreciative of his intelligent contribution over the last three years and wish him very well for the future.

We have made three very exciting part-time appointments: -

Daniel Shafferman has a wealth of experience in industrial property management. He has managed his family's property portfolio and provided management services to major agencies and private owners in Queensland. We have used him in relation to end of lease obligations in relation to two Trusts and have been impressed with his work. He will be our man on the ground in Queensland.

Daryl Knighton is a mechanical engineer by training. He has decades of project management experience including in industrial property. We think he will bring particular value in organizing tenders and supervising works, particularly in Sydney.

Hannah Butt will take on the additional role of Property Management Co-ordinator. A year ago, Luke automated a reminder system of all lease obligations for each property. After 10 months of testing, we are confident that the system will, in Hannah's hands, ensure that all recurrent obligations, rent reviews and end of lease activities will be timely and well directed. The next month's newsletter will come from Hannah. Hannah's email is Hannah@pipeclaylawson.com.au and her mobile is 0414 932 034.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
David

05 February, 2020

On February 3rd, 2020, the Trust made a monthly distribution of \$8.13 per Unit.

Leasing Update

L3 Harris' feedback is a preference for a four to five-year lease extension to align with expiry of key customer contracts. The Trust has made proposals for four and five year extensions.

Property Management Update

An inspection of the property was undertaken on Thursday 30th of January. The property is presenting well, and L3 Harris are satisfied with how the property is operating.

The office and warehouse areas are not currently being used to capacity. L3 Harris has advised that more people will be employed at the property when the bathrooms, showers and kitchen have been enlarged/upgraded.

The warehouse floor is delaminating in areas of frequent use. Spot repairs will be undertaken at a time convenient to the Tenant.

There have been no other material developments this month.

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We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
Hannah

05 March, 2020

On March 3rd, 2020, the Trust made a monthly distribution of \$8.13 per Unit.

Leasing Update

We have received two positive emails from L3Harris but nothing conclusive; if you would like a copy, please let me know. A prerequisite to a lease extension is for L3Harris to precisely specify the modifications to the premises which it needs, this process is likely to take until June/July.

There have been no material developments this month.

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We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
Hannah

02 April, 2020

On April 1st, 2020, the Trust made a monthly distribution of \$8.13 per Unit.

We are in regular contact with L3Harris during this time. They are operating on site though under their specific Covid-19 response protocol.

Given L3Harris' size (parent company is capitalised at US\$38B as of this morning) and that its principal Australian customer is the Defence Department, we do not expect an interruption in rental payments. However, the future path of Covid-19 is unknown as is possible legislative or other governmental intrusion into leasing contracts.

The Trust's working capital fluctuates between \$36k and \$90K and continued payments in accordance with the Lease from L3Harris are essential to the Trust.

Daniel has met with the tenant to discuss potential fit out incentive works. The initial plan is to add further staff amenities to the second-floor office, which would allow consolidation of other L3Harris premises into Brownlee street. These discussions are in abeyance as L3Harris are currently only allowing core workers onto the site, which prevents visits by consultants and potential contractors necessary for progress.

There have been no further material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Camilla.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
Hannah

04 May, 2020

On May 1st 2020, the Trust made a monthly distribution of \$8.13 per Unit.

The plans for the proposed upgrades to the facility to be linked to the renegotiated lease terms are progressing well. Daniel has been on-site with the builder in the last week, the works discussed include shower facilities and additional bathrooms, re-positioning the front entrance and foyer and expansion of the lunchroom. All proposed works will have ongoing benefit to the building.

There have been no further material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Camilla.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
Hannah

02 June, 2020

On June 1st, 2020, the Trust made a monthly distribution of \$8.13 per Unit.

There have been no material developments this month.

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Best Regards,
Hannah

01 July, 2020

On July 1st, 2020, the Trust made a monthly distribution of \$8.13 per Unit.

Leasing Update

L3Harris have verbally indicated acceptance of a 5-year lease extension.

The 5-year lease extension terms proposed are as follows:

- There is no market review on what otherwise would have been the end of the lease term (June 2021) but the rent is increased at 3.5% (or CPI whichever is higher).
- All lease terms remain unchanged.
- Harris retains its option.
- The Trust will provide 2 incentives for L3Harris:
 - o \$182,000 to be spent, at any time after binding agreement has been reached to extend the term of the lease, in any way directed by L3Harris on improving the utility of the property, (including kitchens, bathrooms, showers, air conditioning);
 - o \$352,000 to be spent, at any time after June 2021, in any way directed by L3Harris on improving the utility of the property and/or any fit-out of the property.

We are currently working on providing plans for the proposed works which would form part of the incentive, as required to progress L3Harris internal approval process.

In a further show of commitment to this site, L3Harris have relocated a business unit into the property and they are operational as of 1 July. On the 1st of January 2021, another business will move. L3Harris have advised that by the end of calendar 2021, the expectation is that staff numbers at the property will be two-three times current occupancy. The improvements that will be carried out as part of the incentive are intended to ensure the increased capacity can be comfortably accommodated.

There have been no other material developments this month.

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We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
Hannah

06 August, 2020

On August 3rd, 2020, the Trust made a monthly distribution of \$8.13 per Unit.

Leasing Update

L3Harris are working through their internal approval process with the US to gain sign off on the 5-year lease extension, as outlined in last month's update. Given the nature of the facility and its criticality to ongoing contracts with the Commonwealth, local management do not envisage any issues with obtaining the formal approvals. Despite their verbal commitment to the extension, in accordance with Clause 17.1 of the lease agreement, they are required to provide notice to renew the Lease by 15th August 2020. We have however been informed that internal approval process needed to provide written commitment is unlikely to be achieved by that date. L3Harris have therefore, sought an extension to the required notice date, to the 15th November 2020. They would hope to have it completed well in advance of this date but have added time for any anticipated questions or rework of the approval forms.

The Trust has agreed to grant the extension to the option exercise period to the 15th of November, but on condition that the property not be vacated by L3Harris prior to May 15, 2021. The CBA has consented to these changes to the L3Harris Lease. If you would like to see a copy of the correspondence relating to these arrangements, please advise me.

The works to be undertaken as part of Lease Incentive will now be supervised by L3Harris' world-wide preferred project manager. Daniel will remain involved in the process and co-ordinate Landlord Approvals, as necessary.

To assist Unitholders which are Superannuation Trusts, the Trustee annually assesses Unit value by applying the Valuation Policy. As at 1 July, 2020 the Unit Value was assessed at \$1,430.

There have been no other material developments this month.

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We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
Hannah

03 September, 2020

On September 2nd, 2020, the Trust made a monthly distribution of \$8.13 per Unit.

L3Harris has received approval from the US parent company to proceed with the lease extension. The lease amendment documentation is with their legal team for review, and we expect it to be formalised in the coming month.

Luke Libling has joined Pipeclay as an Analyst. Luke studied computer programming at Melbourne University. Prior to joining Pipeclay, Luke has worked as an Analyst for MBP Advisory.

There have been no other material developments this month.

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Best Regards,
Hannah

02 October, 2020

On October 1st, 2020, the Trust made a monthly distribution of \$8.13 per Unit.

The Lease documentation is still with L3Harris legal counsel for review. To-date the only comments we have received concerned –

- i. the make good obligation at the end of the Term: the parties have agreed that the improvements to the showers, kitchen and the toilets will remain and that the additional “safe” will be removed; and
- ii. the timing of the payment of the incentive – the parties have agreed that it is to be paid within 30 days of the lease extension being executed.

We have received terms for the refinance of the loan facility from CBA for a 3-year term. A property valuation will now be undertaken to support the refinance.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Camilla.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
Hannah

03 November, 2020

On November 2nd, 2020, the Trust made a monthly distribution of \$8.13 per Unit.

The Lease documentation is still with L3Harris legal counsel for review, CV19 is causing delays with their US based team. As notice for the exercise of the lease option is due from L3Harris on the 15th of November and they are unlikely to meet this timeframe we have proposed the option to further extend the option exercise date to 15th of February. The implication of further extension to the occupation date would see the date extend past the current lease expiry date, so a call with L3Harris local team is schedule for Monday to agree on terms for this further extension of time.

Daniel attended a project scoping meeting with L3Harris stakeholders and their JLL Project Team earlier in the month. Architectural drawings of the proposed fit out works are due in the coming weeks which we will share with next month's update.

Knight Frank have been appointed to perform the valuation for the refinance. We have had confirmation from CBA that the valuer will take into account the lease extension that has been agreed.

There have been no other material developments this month.

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We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
Hannah

04 December, 2020

On December 3rd, 2020, the Trust made a monthly distribution of \$8.13 per Unit.

We are yet to receive Lease document from L3Harris.

L3Harris are progressing with planning of lessee fit out. During this process, to submit approvals to the council for the new fitout, their consultant found an anomaly with the documentation on the base building. The building is 1086 sqm larger than the documented approval with council. We have viewed approved As-built plans, at the larger area, and at this stage of our investigations suspect the DA amendment documentation was not appropriately submitted and/or filed with the Brisbane City Council post construction.

The Trust do not want to hold up progress with L3Harris fit-out programme while this issue is being investigated. The Trust have provided assurance to L3Harris that it will take on any risk associated

with submissions required by the council to have the building size on record increased to align with As-built plans, in order for their fit-out approvals to go through. The flow on from that is that the Trust would be up for consultants and old infrastructure charges, this is currently estimated cost \$80k + ancillary costs.

There have been no other material developments this month.

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We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
Hannah

04 January, 2021

On , 01 January, 2021, the Trust made a monthly distribution of \$8.13 per Unit.

L3Harris has executed the Lease extension documents; if you would like a copy please advise Hannah. In Queensland electronically signed leases cannot be lodged for registration; consequently registration will take place later this month.

We expect the valuation to be finalised shortly.

There have been no other material developments this month.

Hannah is on leave.

Wishing you and all yours a happy and successful 2021!

Regards
David

04 February, 2021

On 4 February, 2021, the Trust made a monthly distribution of \$8.13 per Unit.

The Trustee has provided Landlord consent for the L3 Harris tenant fit out and they have subsequently lodged a development application minor amendment with the Brisbane City Council.

The CBA have issued a change of instruction to the valuer and the valuation is to undergo further review and hence it has not yet been finalised. We expect it to take place along with the refinance this month.

There have been no other material developments this month.

Regards,
Hannah

03 March, 2021

On 2 March, 2021, the Trust made a monthly distribution of \$8.13 per Unit.

The valuation was finalised on 4.12.20 and accepted by CBA at \$11.9m, an increase of \$1.355m. If you would like to receive a copy of the valuation report, please let me know. The new valuation enables the Trust to increase its borrowing and make the construction contribution to L3Harris in accordance with the Lease extension. The asset fee will be charged as from the valuation date on the increased amount. On this occasion, the Trustee has, for reasons appearing in the next paragraph, serious reservations about the accuracy of the valuation.

We have received several purchase proposals this month. Centennial Industrial and Logistics (CIL) offered \$15.75m and is currently considering whether to increase its offer. Arrow Capital offered \$16.005m but on a condition that another Pipeclay Lawson property is also sold to it; a sale which was judged by the Trustee not to be in the interest of Unitholders of the other Trust. A private buyer offered \$16.01m which was accepted by the Trustee, subject to Unitholder approval, however the buyer subsequently withdrew. Charter Hall made a conditional expression of interest at \$16.2m which the Trustee is endeavouring to progress.

L3 Harris tenant works are still waiting on council approval.

As Easter falls at the beginning of April this year, please note April distributions will likely be paid after Easter Monday.

There are no other material developments to report.

Pipeclay has carried out an analysis of its investment performance to date. A Unitholder who invested in a 100 Units (or any other consistent number) in every Pipeclay Trust would as at 30/6/2020 have an IRR of 23.09% based on the Directors estimate of unit values as at that date. A Unitholder who took up a consistent percentage of the equity in each Pipeclay Unit Trust would have done slightly better (23.68%) over the same period. If you would like to see or discuss the analysis, please contact Luke (0433 446 643).

Pipeclay will recalculate the IRR as at 1/7/21 and will advise the updated outcomes when it advises Unit values as at July 1.

Regards,
Hannah

07 April, 2021

On 1 April, 2021, the Trust made a monthly distribution of \$8.13 per Unit.

As a general rule Pipeclay accepts that valuations for bank mortgagee purposes are somewhat below market. We were however disturbed by the circa 33% discrepancy between the Knight Frank valuation finalised in December and the proposals for sale which Pipeclay had received. We discussed the issue with CBA who are in the process of obtaining a further valuation from Knight Frank (without cost to the Trust). We have been verbally advised that the person who did the December valuation has left Knight Frank (to go to Scotland), that the valuation has been redone and the adopted value is \$14M. If you would like a copy of the Knight Frank valuation please advise me and I will send it to you once I receive it. Pipeclay has also commissioned M3 to provide a

valuation. M3 Valuers are not firm with which Pipeclay or its associates have dealt in the last decade or so. M3's valuation is \$14.25M. Once CBA has adopted \$14M as the property's value, the Trust will also do so for Unit valuation and asset fee purposes.

L3 Harris have amended their proposed fit-out works programme into two phases:

- Phase 1 – Maintenance venue (new vault), new amenities and lunch area to commence shortly
- Phase 2 – kitchen upgrade, reception and alfresco area will be delayed until quarter 1 of 2022 at the earliest

In December 2020, we advised investors of an issue with the documented building size in the Brisbane City Council Development Approval (DA) documentation from the time of construction. Whilst the DA held in the BCC records is for a building smaller than built, the Building Regulation Inspection Certificates and the Certificate of Classification are for the building as built. When L3Harris recently lodged a Development Application (minor amendment) for the construction of the alfresco area, the Brisbane City Council (BCC) responded that the building size discrepancy needed to be addressed before approval could be granted. We are in contact with the certifier of the building plans, and he is assisting with next steps in an approach to BCC to get this matter rectified.

There are no other material developments to report.

Regards,
Hannah

05 May, 2021

On 3 May, 2021, the Trust made a monthly distribution of \$8.13 per Unit.

The CBA have still not formally accepted the revised property valuation from Knight Frank. The delay relates to the CBAs procedures rather than any perceived issues with Knight Franks valuation. We expect the CBA to accept the Knight Frank valuation shortly.

Recently we have been in contact with Bartley Burns, the firm that originally certified that the building was constructed in accordance with all regulatory approvals. They have agreed to assist the Trust to resolve the issue. We are currently attempting to arrange a meeting with the relevant people at the Brisbane City Council in order to agree the process to rectify their records and to resolve the problem.

There are no other material developments to report.

Regards,
EMIL PAHLJINA

04 June, 2021

On 1st June, 2021, the Trust made a monthly distribution of \$8.13 per Unit.

The Tenant L3 Harris has asked the Trust to pay the agreed lease incentive, being a \$587,400 contribution to its fit out, directly to its appointed project manager. On 11 May 2021 the Trust entered into a Deed of Assignment to give effect to their request. The Trust intends to increase the loan from the CBA to make the requisite payment.

A meeting was held on 24 May 2021 with Brisbane City Council and Bartley Burns (David and John were also present). Council have advised that a "Minor Change" to the original Development Consent will be required in order to rectify its records. The Council have suggested that the proposed change will be approved. The Trust will be working with the original certifier (Bartley Burns) to meet the Councils requirements.

There are no other material developments to report.

Regards,
JOHN COMMISSO

05 July, 2021

On 1st July, 2021, the Trust made a monthly distribution of \$8.13 per Unit.

The fit-out contribution of \$587,400 has been paid.

If you would like to see a copy of the Minutes by Brisbane City Council of the May 24 meeting, please advise Hannah.

There are no other material developments to report.

Regards,
JOHN COMMISSO

03 August, 2021

On 2 August, 2021, the Trust made a monthly distribution of \$9.00 per Unit.

We expect to maintain this level of distribution for FY22.

The Minor Change Application to the original Development Consent (relating to the size of the building) will be lodged into Council this week. Council is not expected to issue a Decision Notice until mid-September.

To assist Unitholders which are Superannuation Trusts, the Trustee annually assesses Unit value by applying the Valuation Policy. As at 1 July 2021 the Unit Value was assessed at \$1,570 which was calculated using the most recent written external property valuation by the bank appointed valuer, which was \$14M.

The Trustee also annually calculates the performance of each of the Pipeclay Trusts.

On the basis of the Unit value as at 1 July 2021, each of the Unitholders who acquired the Units on the establishment of the Trust on 3 May 2016 by paying \$1,000 per Unit, has had a compound return of 17.94% p.a. over the five years.

An investor who had taken up the same percentage of Units in each of Pipeclay's trusts would have, on the basis of the July 1, 2021 valuations, achieved an IRR of 25.48% since September 24, 2013.

If you would like to see or discuss the model, please contact Luke

There are no other material developments to report.

Regards,
Emil

10 August, 2021

On 10th August, 2021, the Trust made a capital return of \$220.00 per Unit.

Notwithstanding the capital return, the monthly distributions will be maintained at \$9.00 per Unit.

According to the Trust's Constitution, the Trustee is required to sell the property in the 2 year period which began on July 1, 2021. It is impractical to market the property until the issue concerning the original Development Consent (discussed in the distribution emails of June 4 and April 7) is resolved. We are hoping that resolution will be achieved by October but as the Brisbane City Council is a little slow, we are forecasting resolution by the end of the year. Once this issue is resolved, the Trustee will consider the then state of the market and either proceed with a sale or recommend to the Unitholders that the period of the Trust be extended.

Regards
David

02 September, 2021

On 1st September, 2021, the Trust made a monthly distribution of \$8.13 per Unit.

The Trust has lodged its application to vary the registered Development Consent with Brisbane City Council. The Council has 20 business days to consider the application. We are hopeful of a favourable response from Council by the end of September.

In anticipation of a favourable resolution to this issue the Trustee has engaged CG Property a local agency specialising in industrial real estate to conduct a sales campaign amongst private investors active in Brisbane. The Property will also be offered to institutional investors by JLL alongside the Steelmakers portfolio. Both campaigns are expected to formally commence in October. Soft soundings have already commenced to known buyers.

There are no other material developments to report.

Regards,
Emil

22 September, 2021

According to the Trust's Constitution, the Trustee is required to sell the property in the 2 year period which began on July 1, 2021. If the property is to be sold it should be sold sooner rather than later in order to maximise the length of the lease remaining on sale. The Trustee is of the opinion that the price for the Brownlee Street property is likely to be maximised if the property is offered to the market as part of a portfolio. The Trustee has decided to commence a portfolio (including the Brownlee property) marketing campaign on Monday. JLL and CG Property (a local Brisbane agent) have been appointed to market the property.

The usual monthly email will be sent in early October

Best regards
David

01 October, 2021

On 1 October, 2021, the Trust made a monthly distribution of \$9.00 per Unit.

The marketing campaign to sell the property has commenced (if you would like to see the JLL IM for the portfolio of which Brownlee forms part and/or the individual IM for the property produced by CG Property, please advise Hannah). The Trust has received an offer of \$16.5 million from a private buyer in Brisbane which is materially above the most recent bank valuation received for the property (\$14 million). The offered price represents a 5% yield on current rent. The Trustee does not think the offer is sufficiently compelling to end the campaign at this stage.

The Brisbane City Council have requested that the Trust provide a updated traffic report for the site specifically dealing with the manoeuvrability of garbage trucks prior to it approving our "Minor Change" to a Development Consent application. The site is approved for b-double semi trailers, so it appears to be a curious request. The cost of a new report is \$1,500 and the approval of our application will be delayed three to four weeks. At this stage we don't expect the delay will materially compromise the sales campaign.

There are no other material developments to report.

Regards,
DAVID F. LIBLING

04 November, 2021

On 3 November, 2021, the Trust made a monthly distribution of \$8.13 per Unit.

The marketing campaign to sell the property concluded on Monday. A number of acceptable bids were received for the property. The best bid was \$18 million from a very large global firm who bid for all four of the Pipeclay assets that were offered to the market. The offered price represents an income yield of 4.58% on current rent, it is \$3.75 million above the most recent bank valuation (March 2021) and exceeds the reserve set by the Trustee for the sale.

The offer is subject to completion of due diligence, contract and FIRB approval. The preferred bidder has a good reputation and is very familiar with industrial real estate offshore but this will be their first industrial property acquisition in Australia and consequently there is some completion risk. The

Trustee has executed a Heads of Agreement with the preferred bidder which gives them 6 weeks exclusivity to finalise their due diligence and the various internal approvals. All going well contracts will be exchanged mid December 2021. In which case settlement will take place mid to late January. Termination of the Trust will then occur in the following months.

The updated traffic report for the site dealing the manoeuvrability of garbage trucks has been lodged with the Brisbane City Council. We expect to receive approval for the "Minor Change" to the Development Consent within the next few weeks and don't expect this issue to compromise or delay any potential sale of the property.

Regards,
Emil

02 December, 2021

On 02 December \$9.00 per Unit was distributed to each Unitholder in the Brownlee Property Trust.

The Trust has entered into Heads of Agreement (HOA) with Hines (Aus) Investment Services Pty Ltd (Hines) for the sale of its property (and the other properties which were concurrently marketed by Pipeclay). Pursuant to the HOA-

- # Hines has been granted an exclusive dealing period until December 15;
- # there are milestones for Hines' DD and progress towards contract execution.

A key milestone of confirmation of valuation support has been met for the property (and the other properties which were concurrently marketed by Pipeclay).

Inspections by environmental and physical due diligence have been completed in due time for the Trust's property (and the Sydney properties). Geotechnical inspection and a survey were delayed in relation to the Trust's property. Consequently It looks likely that Hines' DD Assessment will not be completed by the milestone date of December 7. We do not know what effect, if any, this delay will have on the proposed sale timetable. To-date, the only issue arising out of DD that has been raised by the Purchaser does not appear significant. The Purchasers' Requests for Information (RFI) continue to be received though the milestone date is well passed. However, except for timing, they do not present an issue.

Hines has met its FIRB application milestone of November 18, ten days early. Hines' ultimate parent is an American company but Pipeclay does not have visibility on Hines' source of funds for this acquisition. Hines has expressed confidence that FIRB approval will be granted but the Trustee has no visibility on the progress of the application and the likely timing of its resolution.

At our request, we will be meeting with Hines representatives next week. At that meeting we will seek to clarify the current status of their DD, approval process and to confirm the timetable to exchange and completion.

There has been a few days delay in the Trust's solicitors receiving responses to the draft contract but we believe that the December 7 milestone for the final form of contract to be agreed will be met.

Final Purchaser Investment Committee and Board Approval are scheduled to be considered at a meeting scheduled for 10 December. Exchange of contracts is targeted for December 15 and settlement for the latter of FIRB approval and 20 business days after exchange.

Unfortunately, we continue to be frustrated by the Brisbane City Council (BCC). During the month the BCC asked us to resubmit the traffic plan they required to be lodged prior to approving the change we are seeking to the property's development consent. They have asked that the report include further details on the refuse bins and collection arrangements pertaining to the site. The revised report was resubmitted on 29 November 2021. The requisite approval will be delayed by 3 weeks. We do not expect the delay to have any material impact on the sales process.

The Trustee continues to manage the property and the Trust as if a sale was not going to take place. There were no other major developments this month.

As usual, we welcome your input. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

I wish you and all yours a happy Festive Season and a healthy and prosperous 2022!

Best regards
David

02 February, 2022

Though there was no distribution email \$9 per unit was paid on 5 January 2022. \$9 per unit was also paid on 2 February 2022.

The Brisbane City Council (BCC) have still not approved the change we are seeking to the property's development consent. The BCC appears to be satisfied that nothing further needs to be done for them to complete their review. We are now well past the statutory deadline for their response. Unfortunately, there is no consequence on the BCC if it fails to meet its required deadlines. We ultimately expect to receive approval from the BCC and don't expect this delay to have any material impact on the sale to Hines.

The sale to Hine is only conditional on FIRB approval. FIRB similarly has a statutory obligation to respond within set timeframes, in this instance by 14 February 2022. Nevertheless, Hines expect FIRB's response to also be delayed. Hines have been advised that an unusually large number of applications are currently before FIRB. There are also staffing issues due to Covid and work from home arrangements. We have no visibility on the likely period of delay.

The Trustee continues to manage the property and the Trust as if a sale was not going to take place. There were no other major developments this month.

As usual, we welcome your input. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best regards
EMIL PAHLJINA

02 March, 2022

A distribution of \$9 Per Unit was paid on 2 March 2022.

FIRB had a statutory obligation to respond by 14 February 2022 to the application to sell the property to Hines. FIRB requested Hines' consent to extend the statutory period by 1 month. After consulting with Pipeclay and taking advice from its solicitors, Hines agreed to the response date being no later than 5 March 2022. Pipeclay is unaware of any further communications with FIRB. Hines have advised that "they have received FIRB approval to purchase assets in alternate sectors (Commercial) with no concerns re their eligibility".

The recent rains in Brisbane have led to some minor issues at the property, which are being dealt with. I hope to write to you more fully next week.

Best regards
Emil

08 April, 2022

The sale of our Brownlee Street property settled late yesterday and the Trust repaid its debt to the Bank. If you would like a copy of the Sale settlement statement please advise Camilla.

I am delighted to advise that the Manager estimates that a capital distribution of \$2,114 per Unit will be made in consequence of the sale. The return is being made in 2 payments:-

\$2,000 per Unit to-day;

the 2nd payment will be made in circa 4 months. It awaits the release of the Warranty security (\$450K) which is due on July 7, the finalisation of the Trust's accounts for FY22 and the processing of the final GST return in July. The current estimate is \$114 per Unit. There is a number of relatively small items which cumulatively may lead to a change in either direction.

This outcome materially exceeds the forecasts which we made in the IM 6 years ago and Camilla will be inviting you shortly to a celebration on May 7. Sandy, Emil and the rest of the Team (including me) look forward to seeing you. Apart from that, unless there is a material change as to the likely timing or quantum of the 2nd payment, there will be no further email concerning the Trust until the final payment is made.

Best regards
David